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EXHIBIT

DATE

1/23/09

HB

MONTANA DEQ



KRY SITE—FREQUENTLY ASKED QUESTIONS

KALISPELL POLE & TIMBER, RELIANCE REFINING COMPANY AND YALE OIL CORPORATION FACILITIES

Kalispell, Montana

Q: What is the contamination at the KRY Site?

A: Soils and groundwater at the KRY Site are primarily contaminated with pentachlorophenol, dioxins and furans, petroleum hydrocarbons, and lead. Nearby residential wells are regularly checked for contamination due to historical detections of pentachlorophenol. The local community water supply is not contaminated.

Q: How harmful are the contaminants?

A: The DEQ has determined that these contaminants pose unacceptable risks to human health and the environment. Some of the contaminants are cancer-causing agents. Other potential health effects include damage to the liver, skin, and immune, reproductive, neurological, and respiratory systems.

Q: How much is cleanup going to cost?

A: The Record of Decision, which includes the selected remedy for the KRY Site, estimates cleanup costs to be \$32,062,368. This cost estimate could increase or decrease because actual costs are influenced by fuel prices, volume of soil and groundwater to be addressed, and other factors.

Q: Have the DEQ's cost estimates for cleaning up the KRY Site changed over time?

A: In the December 2007 Proposed Plan, the DEQ included a cost estimate for cleaning up the KRY Site which, at that time, was \$28,496,174. The cost estimate was increased in the subsequent Record of Decision based on the incorporation of public comments. Aside from the DEQ's cost estimate, in 1999 an expert working on behalf of the BNSF Railway Company (BNSF) provided a range of \$9.7 million to \$21.5 million for cleaning up the KPT Facility, only a portion of the overall KRY Site.

Q: How will the DEQ incorporate the City's redevelopment plans into the cleanup plan?

A: The DEQ is committed to implementing cleanup activities to optimize the availability of appropriately cleaned property for redevelopment, to the extent practical. The DEQ met with the City of Kalispell to better understand the community's business needs and how those may affect cleanup and redevelopment. The final remedy includes the option of using clean soil to backfill the excavations, as opposed to waiting for the excavated soil to be treated and placed back in the excavations. This option, included as a result of public comment, would increase the cost of the remedy, but would provide for more rapid redevelopment. Additionally, the City has suggested that it may have the ability to provide clean fill for this purpose.

Q: What can the DEQ do to keep costs down?

A: Before construction begins, all the DEQ projects go through a competitive procurement process. As a result, the lowest, most responsive bidder is selected to do the work. Additionally, DEQ personnel will oversee the process, keeping watch over materials used, labor costs, and other items to keep costs down where possible. Pilot or treatability testing is needed for some parts of the cleanup. These results will allow design and cleanup to occur in the most efficient manner. If the PLPs complete the cleanup work, they have a financial incentive to keep the costs low and have similar processes that they work through to achieve those results.

Q: How long will cleanup take?

A: Different parts of the cleanup take different amounts of time to complete. Excavation of contaminated soils and construction of treatment areas will be accomplished fairly quickly; perhaps in one field season. Treatment of those soils will likely take quite some time; estimated at up to 50 years in the Record of Decision. However, the option for use of clean fill would provide for more rapid redevelopment of some portions of the KRY Site, even while soil treatment is occurring. Groundwater is estimated to meet cleanup levels in approximately 50 years, but the ongoing cleanup is not likely to adversely impact the ability to use the property.

Q: Why can't cleanup just begin after the Record of Decision is issued?

A: It takes time to correctly conduct cleanup. When building a home, one does not simply tear a picture out of a magazine, hand it to a builder, and have that builder start construction the next day. Rather, that picture is used to prepare a plan, and that plan in turn helps to establish a budget, order supplies, determine placement of windows and doors, rooms, siding, deck or patio placement, landscaping, and other things. Much like building a house, moving a site through cleanup also must follow a process. The remedy is established in the Record of Decision, much like tearing a photo out of a magazine. In the world of cleanup, the design and bid packages that are developed from the established remedy identify the important steps that must be taken to move towards a cleanup so that neither time nor money is wasted.

Q: What can be done to make cleanup go faster?

A: Designing the treatment portions of the remedy to function at the highest level of efficiency may decrease the estimated treatment timeframes. One specific thing that might allow for more rapid redevelopment is use of clean soil to backfill areas excavated when removing contaminated soils. Other things that may allow for more rapid redevelopment include expansion of the public water supply and sewer systems to the KRY Site; however these actions aren't specifically part of the cleanup (except if drinking water wells become contaminated above cleanup levels). These steps would make a clean source of water available and ensure waste disposal does not spread contamination. These actions, particularly the use of clean soil, may increase the cost of cleaning up the KRY Site.

Q: Why can't the site just be capped?

A: A cap would not address the risks associated with contaminated soils as contamination would still be present, may continue to leach to groundwater (depending on the barrier material), and would continue to impact the groundwater due to the natural rising and falling of the water table. Additionally, capping the soils in place would require an extensive cap that must be able to hold up under the industrial use at the KRY Site and would require long-term maintenance (forever) to ensure the integrity of the cap. A large capped area at the KRY Site would limit future development potential because utility corridors and excavation in the capped area would be prohibited to ensure people are protected and not exposed to contamination.

Q: How soon can cleanup get started?

A: Design work is currently underway to maximize resources and minimize time. DEQ anticipates the completion of design work in 2010. Once design work is completed, cleanup can begin.

Q: Who is paying for cleanup?

A: The DEQ has settled with most of the liable parties who will be funding a portion of the cleanup. In addition, a judge has determined that BNSF is responsible for cleaning up the Kalispell Pole & Timber facility. The DEQ is waiting for the outcome of a trial to determine responsibility for cleanup at the Reliance Refinery Company facility.

For more information:

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